

FISCAL NOTE

SB 2900 - HB 2837

February 25, 2002

SUMMARY OF BILL:

Provides that the minimum insurance limits for proof of financial responsibility compliance for motor vehicle operators in Tennessee shall be adjusted in accordance with the consumer price index, retroactive to December 31, 1989. The adjustment shall be made annually with the first adjustment made on January 1, 2003. Each motor vehicle operator purchasing insurance coverage shall be required to purchase the minimum insurance coverage limit in effect during the year in which the motor vehicle operator's coverage comes up for renewal. The Department of Commerce and Insurance shall specify the amounts of coverage and is authorized to promulgate rules to implement the provisions of this bill.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Exceeds \$5,000,000
Increase State Expenditures - \$51,750 Recurring
\$ 5,650 One-Time

Estimate assumes:

- an increase in premium tax collections as a result of this bill. Persons who have the minimum amount of required coverage would see an increase in premiums due to higher liability limits being imposed under the provisions of this bill. As a result, higher premium taxes would be collected.
- one actuary position and related expenses in the Department of Commerce and Insurance to implement the provisions of this bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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